Before the
Federal Communications Commission
Washington DC 20554

In the Matter of:

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Schools and Libraries Universal Service	)	
Support Mechanism	)	CC Docket No. 02-6
	)	
	)	

Comments from the Wisconsin Department of Public Instruction

(Filed July 21, 2003)

The Wisconsin Department of Public Instruction (department) appreciates this opportunity to comment on the April 29, 2003, Second Report and Order and Notice of Proposed Rule Making in CC Docket number 02-6 (Order). Staff from the department are on the State E-Rate Coordinators' Alliance and the American Library Association's E-rate Task Force. In general, we support the more extensive comments filed by these two organizations. Our comments below emphasize several specific issues we believe are of particular importance.

SECOND REPORT AND ORDER

The department supports the changes made by the FCC in this Order, especially those related to Eligible Services, and Choice and Timing of Payment Method. Regarding eligible services, we do have some concerns regarding the definition of Internet services. These are addressed below.

FURTHER NOTICE OF PROPOSED RULEMAKING

Proposed Unused Funds Carryover Rules

The department is in general agreement with the Commission regarding the process and methodology on use of unused funds.

Computerized Eligible Services List

The eligibility of certain services has been a contentious issue since the start of the E-rate program. It appears to us that an inordinate amount of time is spent by both Program Integrity Assurance (PIA) and applicants in questioning or trying to justify some particular service or some component of a particular service. The current Eligible Services List is often too vague and thus leads to applicants applying for services they assume *may* be eligible. This often results in a denial from the School and Libraries Division (SLD) and a subsequent appeal from the applicant. A more detailed list would be helpful but care must be taken in how such a list is used. Simply because a service does not appear on the list should not mean it is ineligible. The department is very concerned that PIA will use such a list in an arbitrary fashion to automatically reject applicants' requests for services not listed.

In relation to eligible services, the department believes that the current eligibility of services that can be provided by an Internet Service Provider (ISP) is much too narrowly defined. The Eligible Services List now refers to, "basic conduit access" to the Internet as being eligible. This is defined to, "include transport of digital communication using any Internet-based protocols, including encapsulation of data, video, or voice." However, in the transport of video, we have been told by the SLD that low resolution desktop video is eligible, but any "specialized video service" (e.g., scheduling package, MCU) needed for more advanced, full-motion video, does not meet the definition of "basic conduit access" to the Internet. It makes little sense to allow for the transport of video packets as an Internet service but then not allow the Internet provider to further manage such packets. Internet providers can, and do, manage data packets as a core part of their service. Why is the management of video packets not allowed? We strongly suggest that this strict constructionist interpretation of Internet services stifles more advanced services and directly contradicts Section 254(h)(2) of the 1996 Telecommunications Act that requires the Commission to establish competitively neutral rules to enhance "access to advanced telecommunications and information services…." Furthermore, the SLD has stated that the more specialized video services will likely qualify in the telecommunications category but not the Internet category of eligible services. How does this comport with the law's requirement that the Commission establish "competitively neutral" rules? We request that the definition of "basic conduit access" to the Internet be redefined to allow for eligibility of more advanced Internet-based services, like the services required for full-motion, IP-based video. Note: Sixty-five percent of Wisconsin school

Other Measures to Prevent Waste, Fraud, and Abuse

We support the Commission's developing regulations related to debarment of willful or repeated violators of the program. But in addition, we hope the Commission will look seriously at our other suggestions below.

Reduce the Maximum Discount Rate: It appears that the vast majority of questionable applications and outright fraud is in the 90% discount category for requests involving internal connections. We agree with the State E-Rate Coordinators' Alliance and the American Library Association's E-rate Task Force that the maximum discount should be reduced to 70%. We believe that lowering the maximum will not just help reduce waste and fraud in the program, but will give other applicants a chance to finally get discounts for internal connections. In the 2002 E-rate funding year, 94% of Wisconsin applicants were at a discount level of 80% or less. Thus, in most program years the vast majority of our applicants have been prevented from even qualifying for discounts on internal connections. Those applicants in the 90% discount band have now had six years in which to upgrade their internal networking infrastructure. It is time to allow needy applicants in the lower discount ranges a chance to get internal connection discounts.

Provide Assistance to State Library and State Education Agencies: State E-rate coordinators do a considerable amount of work in their respective states in regard to this program. They play a major role in protecting program integrity and helping to prevent waste, fraud, and abuse. For all this work, the *states receive no recognition or any compensation from the SLD.* Our department staff estimate they spend $90,000 annually on E-rate related services to schools and libraries in Wisconsin. We know of no other federal program that relies so heavily on state education and library agencies but allocates $0.00 for all their work. At a minimum, we ask that the FCC direct the Universal Service Administrative Company (USAC) to compensate E-rate coordinators for expenses related to attending and/or train-ing intermediated by the complexity of the E-rate program and detailed application process, even if something as straightforward as just POTS. (In 2002 only 25.5% of Wisconsin's 404 public libraries applied for discounts on POTS services.) From a customer's perspective, USAC's other two programs, the High Cost and Low Income programs, are not nearly as complex as the E-rate program. If USAC's two other programs can provide discounts to millions of customers with little or no action needed by these customers, why can't a similar process be applied to thousands of schools and libraries to get discounts on their telephone bills? With the E-rate POTS discounts modeled more closely on these other USAC programs, there would be minimal chance for waste, fraud, or abuse. With a much more streamlined and rational application process, more schools and libraries would apply. We challenge the FCC to find a way to make something as simple as POTS simple for applicants to apply for too.

Large state and regional consortia applications: Many large statewide and regional consortia applications for Internet access and telecommunications discounts do not receive their

Funding Commitment Decision Letter until many months after the start of the program year. Wisconsin's statewide consortium for telecommunication discounts was not notified until late March 2003 that it would be receiving funding for the year starting July 1, 2002, a full nine months after the start of the program year. Such inordinate delays can cause major budget problems. To address this issue, we request that the FCC direct the SLD to establish a unit staffed by experienced reviewers dedicated to processing large-dollar or complex consortium applications.

Thank you for the opportunity to respond to this notice.

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